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FILED

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**SECRETARY, BOARD OF
OIL, GAS & MINING**

Attorneys for Utah Division of Oil, Gas and Mining

BEFORE THE UTAH BOARD OF OIL, GAS AND MINING

Notice of Agency Action for an Order
Requiring Hinto Energy, Inc. to Plug and
Reclaim Wells or, in the alternative,
Forfeiting Surety Bonds and Authorizing
the Division to Plug and Reclaim Wells
Located in Sections 14 and 24, Township
21 South, Range 23 East in Grand County.

**STIPULATION AND
JOINT MOTION TO CONTINUE
HEARING**

Docket No. 2016-005
Cause No. 222-16

The Division of Oil, Gas and Mining (the Division) and Hinto Energy, Inc. (Hinto) (collectively, the Parties) by and through their respective counsel hereby stipulate as follows and jointly move the Board of Oil, Gas and Mining (the Board) to approve this Stipulation and to Order that the hearing of the foregoing matter be continued from February 24, 2016 until the regularly scheduled hearing on March 23, 2016.

This motion is based upon the STIPULATION of the Parties through their respective counsel as follows:

1. Hinto agrees to remedy specific deficiencies in reporting and work at specific wells as identified on a "List of Work" attached hereto prior to the March 23, 2016 hearing.

2. Hinto shall pay into an escrow account held by their attorney Daniel Sam a sum of \$15,000 to be held as additional surety for the completion of the items identified on the "List of Work" and for resolution of the issues identified by the Division in the Notice of Agency Action.

3. The Parties will negotiate and try to agree on a Stipulation to Dismissal or Judgment prior to the March 23, 2016 hearing that will set a schedule for completing work and/or resolving all issues related to the deficiencies set forth in the Notice of Agency Action and thereafter dismissing this action, or in the alternative providing for entry of judgment as requested in the Notice of Agency Action to the extent that Hinto fails to complete the work or resolve those issues; and providing that forfeiture of the bonds and any other relief would be held in abeyance pending the duration of the Stipulation.

4. If the Parties are not able to agree on a Stipulation to Dismissal or Judgment, or the items on the List of Work are not completed prior to March 23, 2016, the Board will proceed with the hearing of the Notice of Agency Action.

Respectfully submitted on the 23rd day of February, 2016.



Daniel Sam
Counsel for Hinto Energy, Inc.



Melissa L. Reynolds
Assistant Utah Attorney General
Utah Division of Oil, Gas and Mining

List of Work

This List of Work is provided as part of the STIPULATION AND JOINT MOTION TO CONTINUE HEARING in the matter of Hinto Energy before the Board of Oil, Gas and Mining, Docket No. 2016-005, Cause No. 222-16. The Division has agreed to file the STIPULATION, and in exchange, Hinto will complete the following actions within 30 days:

For all eight wells:

- Provide updated reports on production—whether the wells have been producing or not—since September 2014; and
- Provide updated sundry notices on any work that has been done on the wells since 2013.

For Nuggett 14-4:

- Clean up the surface of the well site, which includes removing barrels and buckets of oil that remain on site;
- Backfill the pit located at the well; and
- Rebuild or reinforce berms.

For the Gibraltar I:

- Backfill the pit; and
- Rebuild or reinforce berms.

For the Sweetheart 5A:

- Set ^gup retrievable bridge plug immediately above the perforations and perform a Mechanical Integrity Test;
- Provide the sundry notice required by Utah Administrative Code Rule 649-3-36, which explains the reasons for shut-in status, the length of time the well is expected to be shut-in, and an explanation and supporting data for showing that the well has integrity;
- Fill the pit located on site; and
- Rebuild or reinforce berms.

For the Sweetheart 2A:

- DSS MR
- Clean up the surface, which includes removing a metal stand and other materials on site; and
 - Submit plugging plans with a timeline for plugging the well (this well has not produced for at least 6 years), *unless operator can show the well is viable and the integrity of the wellbore supports continued production*

For the Sweetheart 14-02:

- Backfill the pit on site;
- Set ^aup retrievable bridge plug immediately above the perforations and perform a Mechanical Integrity Test; and
- Provide the sundry notice required by Utah Administrative Code Rule 649-3-36, which explains the reasons for shut-in status, the length of time the well is expected to be shut-in, and an explanation and supporting data for showing that the well has integrity.

For the Sweetheart 7:

- Clean up the surface of the site, which includes backfilling the shallow pit and removing scrap and rods that remain on site;
- Set ^aup retrievable bridge plug immediately above the perforations and perform a Mechanical Integrity Test; and
- Provide the sundry notice required by Utah Administrative Code Rule 649-3-36, which explains the reasons for shut-in status, the length of time the well is expected to be shut-in, and an explanation and supporting data for showing that the well has integrity.

For the 14-01:

- DSS MR
- Submit plugging plans with timelines for conducting the work; and
 - Backfill the pit on site. *unless operator can show the well is viable and the integrity of wellbore supports continued production,*

For the Little Boy 2:

- DSS MR
- Clean up the surface of the well (which shares a well pad with the Sweetheart 2A);
 - Submit plugging plans with timelines for conducting the work; and
 - Repair the gas leak. *unless operator can show the well is viable and the integrity of wellbore supports continued production.*